

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. 23-
v.	:	DATE FILED: _____
JOSEPH LAFORTE	:	VIOLATIONS:
a/k/a “Joe Mack,”	:	18 U.S.C. § 1343 (wire fraud – 3 counts)
a/k/a “Joe Macki,”	:	26 U.S.C. § 7201 (tax evasion – 1 count)
a/k/a “Joe Mackie,”	:	26 U.S.C. § 7206(1) (filing false returns –
a/k/a “Joe McElhone,”	:	2 counts)
LISA McELHONE	:	26 U.S.C. § 7202 (failing to collect and
	:	pay over tax – 12 counts)
	:	18 U.S.C. § 371 (conspiracy – 1 count)
	:	26 U.S.C. § 7201 (tax evasion – 1 count)

INDICTMENT

COUNTS ONE THROUGH THREE
(Wire fraud)

THE GRAND JURY CHARGES THAT:

BACKGROUND

At various times material to this indictment:

The Defendants

1. Complete Business Solutions Group, Inc., d/b/a Par Funding (“Par Funding”) was incorporated in Delaware in 2011. From at least 2013 through July 2020, the company did business using the fictitious name Par Funding. Its principal place of business was Philadelphia, Pennsylvania.

2. Par Funding was in the business of funding businesses (“merchant-customers”) through short-term financing transactions, which it held out as merchant cash

advances (“MCAs”). In these transactions, Par Funding purported to purchase these merchant-customers’ future receivables at a discounted price. The purchase price was given to the merchant-customer—typically in a lump sum—with the expectation that the merchant-customer would use the funds to operate its business. The merchant-customer agreed to repay Par Funding the purchase price advanced to it plus an additional amount, which was typically 30% or more of the purchase price. Par Funding generally collected these repayments in installments through automatic daily or weekly debits from the merchant-customer’s bank accounts.

3. Par Funding frequently entered “reload” agreements with merchant-customers, which were essentially refinancings of pre-existing MCAs. In a reload, Par Funding’s new, larger advance would normally repay the amount due on the original advance and provide some additional funding to the merchant-customer.

4. In order to fund these MCAs and enrich its principals, Par Funding raised capital through the solicitation of numerous investors and the issuance of promissory notes. In its early years, Par Funding raised this capital directly from investors, but in 2018 Par Funding began to raise capital indirectly through private investment vehicles (“Agent Funds”).

5. Par Funding operated through and in conjunction with several affiliated companies, including Contract Financing Solutions, Inc. (“CFS”), Fast Advance Funding, LLC (“FAF”), and Capital Source 2000, Inc. (collectively, the “Par Funding affiliates”). Par Funding and the Par Funding affiliates shared common ownership and/or control, and funds were frequently transferred back and forth between these entities.

6. From at least 2013 through in or about July 2020, defendant JOSEPH LAFORTE controlled the day-to-day operations of Par Funding and the Par Funding affiliates and owned or operated them indirectly through nominees, including his wife, defendant LISA

McELHONE. Nevertheless, defendant LAFORTE was not listed on any corporate documents as these entities' Chief Executive Officer or President, despite serving in these roles. This structure was designed to hide defendant LAFORTE's control of, income from, and work for, Par Funding and the Par Funding affiliates from the outside world, including the Internal Revenue Service ("IRS") and other taxing authorities.

7. Defendant LISA McELHONE, functioning as defendant JOSEPH LAFORTE's nominee, owned Par Funding, CFS, and FAF through a trust. She also held the titles Chief Executive Officer and President of Par Funding, although she did not regularly exercise the powers of these offices. Defendant McELHONE was also the nominal owner of Full Spectrum Processing, Inc., the entity to which Par Funding's employees were transferred in early 2017. As a result, after 2017 she was designated as Par Funding's sole employee, although she was rarely present at its offices. While serving as the nominal owner and executive of Par Funding, defendant McELHONE ran the day-to-day operations of a nail salon in Philadelphia, Pennsylvania.

8. Defendants JOSEPH LAFORTE and LISA McELHONE earned tens of millions of dollars in taxable personal income from Par Funding and the Par Funding affiliates between tax years 2013 and 2019, only part of which they reported on their personal state and federal tax returns.

The Defendants' Residency

9. From at least 2013 through mid-2020, defendants JOSEPH LAFORTE and LISA McELHONE lived and worked in the Commonwealth of Pennsylvania, where defendant LAFORTE ran Par Funding and the Par Funding affiliates and where defendant MCELHONE ran a nail salon.

10. From at least 2014 through in or about 2019, defendants JOSEPH LAFORTE and LISA McELHONE were residents of the Commonwealth of Pennsylvania, having been physically present in Pennsylvania for at least 300 calendar days each year, which is significantly more than half the year, and also having established a permanent place of abode in Pennsylvania. Defendants LAFORTE and McELHONE lived in the city of Philadelphia until in or about June 2016, when they purchased a residence on Ferndale Lane, in Haverford, Pennsylvania.

11. From at least 2013 through in or about 2019, defendants JOSEPH LAFORTE and LISA McELHONE spent significantly less than 184 calendar days in Florida each year.

The Defendants' Tax Filings

12. The Commonwealth of Pennsylvania has a state income tax rate of 3.07%. The State of Florida, however, does not have a state income tax.

13. For tax years 2013 through 2019, defendants JOSEPH LAFORTE and LISA McELHONE retained Accountant No. 1 and Accountant No. 2 of Accounting Firm No. 1 to prepare and file their state and federal tax returns, as well as the tax returns of Par Funding.

14. Defendant LISA McELHONE approved and signed individual state income tax returns using Form PA-40 for tax years 2013 through 2017. These tax returns were prepared by Accountant No. 1 and Accountant No. 2.

15. Defendant JOSEPH LAFORTE did not file Pennsylvania tax returns for tax years 2013 through 2017.

16. For tax years 2018 and 2019, defendants JOSEPH LAFORTE and LISA McELHONE approved and signed individual Pennsylvania state income tax returns using Form

PA-40, in which they elected the filing status “married filing jointly.” These tax returns were prepared and filed by Accountant No. 1 and Accountant No. 2.

17. Defendant LISA McELHONE approved and signed federal income tax returns using IRS Form 1040s for the tax years 2013 through 2017, in which she elected the filing status of “married filing separately.” These tax returns were prepared by Accountant No. 1 and Accountant No. 2.

18. Defendant JOSEPH LAFORTE did not file federal tax returns for tax years 2013 through 2017.

19. For tax years 2018 and 2019, defendants JOSEPH LAFORTE and LISA McELHONE approved and signed federal tax returns using IRS Form 1040s, in which they elected the filing status of “married filing jointly.” These tax returns were prepared by Accountant No. 1 and Accountant No. 2.

20. From in or about April 2015 through in or about July 2020, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOSEPH LAFORTE,
a/k/a “Joe Mack,”
a/k/a “Joe Macki,”
a/k/a “Joe Mackie,” and
a/k/a “Joe McElhone,” and
LISA MCELHONE**

knowingly executed a scheme to defraud the Commonwealth of Pennsylvania out of money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

21. Although defendants JOSEPH LAFORTE and LISA McELHONE were residents of Pennsylvania from 2014 through 2019, they approved and signed state and federal

tax returns falsely stating that they were non-residents of Pennsylvania, and in which they falsely underreported their taxable Pennsylvania income.

22. Despite Accountant No. 1 and Accountant No. 2 having prepared defendant LISA McELHONE's PA-40 Pennsylvania state tax return for tax year 2013, which accurately identified defendant McELHONE as a resident of Pennsylvania, Accountant No. 1 and Accountant No. 2 prepared defendant McELHONE's IRS Form 1040 federal tax return for tax year 2014 to falsely state that her "home address" was in Miami, Florida, and also prepared defendant McELHONE's PA-40 Pennsylvania state tax return for tax year 2014 to falsely state that she was a resident of Florida (living at the same address in Miami, Florida) for at least half of the year (July 1, 2014 through December 31, 2014).

23. Defendant LISA McELHONE approved and signed her IRS Form 1040 federal tax return for tax year 2014, which falsely listed a home address in Miami, Florida, and defendant McELHONE approved and signed her PA-40 Pennsylvania state tax return for tax year 2014, which falsely stated that she was a resident of Florida for at least half of the year and which listed the address of her alleged Florida home as an address in Miami, Florida, which Accountant No. 1 and Accountant No. 2 filed electronically at her direction on or about April 15, 2015. At all relevant times, the address in Miami, Florida was a four-story commercial property that contained a law firm that did legal work for defendant McELHONE.

24. For tax year 2014, defendant LISA McELHONE reported her taxable income on her federal tax return as approximately \$250,408 and her taxable income to Pennsylvania as approximately \$110,373 for the six months that she claimed that she resided in Pennsylvania. Thus, defendant McELHONE did not pay taxes to the Commonwealth of

Pennsylvania for the remaining approximately \$140,035 that she earned in 2014. This deception resulted in a loss of approximately \$4,299 to the Commonwealth of Pennsylvania.

25. Accountant No. 1 and Accountant No. 2 prepared defendant LISA McELHONE's IRS Form 1040 federal tax return for tax year 2015 to falsely state that her "home address" was a condominium in Sunny Island Beach, Florida, and also prepared defendant McELHONE's PA-40 Pennsylvania state tax return for tax year 2015 to falsely state that she was a "nonresident" of Pennsylvania (living at the same address in Sunny Island Beach, Florida).

26. Defendant LISA McELHONE approved and signed her IRS Form 1040 federal tax return for tax year 2015, which falsely listed her "home address" as a condominium in Sunny Island Beach, Florida, and defendant McELHONE approved and signed her PA-40 Pennsylvania state tax return for tax year 2015, which falsely stated she was a "nonresident" of Pennsylvania and which listed her Florida home as the condominium in Sunny Island Beach, Florida, which Accountant No. 1 and Accountant No. 2 filed electronically at her direction on or about April 27, 2016.

27. For tax year 2015, defendant LISA McELHONE reported her taxable income on her federal return as approximately \$273,089, and due to her fictitious status as a non-resident of Pennsylvania, she falsely reported no Pennsylvania income and paid no Pennsylvania income tax. This deception resulted in a loss of approximately \$8,383 to the Commonwealth of Pennsylvania.

28. Accountant No. 1 and Accountant No. 2 prepared defendant LISA McELHONE's IRS Form 1040 federal tax return for tax year 2016 to falsely state that her "home address" was a condominium in Sunny Island Beach, Florida, and also prepared defendant

McELHONE's PA-40 Pennsylvania state tax return for tax year 2016 to falsely state that she was a "nonresident" of Pennsylvania, with the same Florida condominium address.

29. Defendant LISA McELHONE approved and signed her IRS Form 1040 federal tax return for tax year 2016, which falsely listed a "home address" of a condominium in Sunny Island Beach, Florida, and defendant McELHONE approved and signed her PA-40 Pennsylvania state tax return for tax year 2016, which falsely stated she was a "nonresident" of Pennsylvania, with the same Florida condominium address, which Accountant No. 1 and Accountant No. 2 filed electronically at her direction on or about April 15, 2017.

30. For tax year 2016, defendant LISA McELHONE reported her taxable income on her federal return as approximately \$2,411,134, and due to her fictitious status as a non-resident of Pennsylvania, she falsely reported no Pennsylvania income and paid no Pennsylvania income tax. This deception resulted in a loss of approximately \$74,021 to the Commonwealth of Pennsylvania.

31. Accountant No. 1 and Accountant No. 2 prepared defendant LISA McELHONE's IRS Form 1040 federal tax return for tax year 2017 to falsely state that her "home address" was a condominium in Sunny Island Beach, Florida, and also prepared defendant McELHONE's PA-40 Pennsylvania state tax return for tax year 2017 to falsely state that she was a "nonresident" of Pennsylvania, with the same Florida condominium address.

32. Defendant LISA McELHONE approved and signed her IRS Form 1040 federal tax return for tax year 2017, which falsely listed a "home address" of a condominium in Sunny Island Beach, Florida, and defendant McELHONE approved and signed her PA-40 Pennsylvania state tax return for tax year 2017, which falsely stated she was a "nonresident" of

Pennsylvania, with the same Florida condominium address, which Accountant No. 1 and Accountant No. 2 filed electronically at her direction on or about October 15, 2018.

33. For tax year 2017, defendant LISA McELHONE reported her taxable income on her federal return as approximately \$4,729,738. Due to her fictitious status as a non-resident of Pennsylvania, she falsely underreported Pennsylvania income of only approximately \$22,839, which resulted in a loss of approximately \$144,501 to the Commonwealth of Pennsylvania.

34. Accountant No. 1 and Accountant No. 2 prepared defendants JOSEPH LAFORTE and LISA McELHONE's joint IRS Form 1040 federal tax return for tax year 2018 to falsely state that their "home address" was a property in Palm Beach, Florida, and also prepared defendants LAFORTE and McELHONE's joint PA-40 Pennsylvania state tax return for tax year 2018, which falsely stated that they were both a "nonresident" of Pennsylvania, with the same Palm Beach, Florida address.

35. Defendants JOSEPH LAFORTE and LISA McELHONE approved and signed their joint IRS Form 1040 federal tax return for tax year 2018, which falsely listed their "home address" as a property in Palm Beach, Florida, which Accountant No. 1 and Accountant No. 2 filed electronically at their direction on or about August 15, 2019. The defendants also approved and signed their joint PA-40 Pennsylvania state tax return for tax year 2018, which falsely stated they both were a "nonresident" of Pennsylvania, and which listed their address as the same Palm Beach property, which Accountant No. 1 and Accountant No. 2 filed electronically at their direction on or about August 15, 2019. The defendants subsequently filed an amended joint federal tax return, Form 1040X, for tax year 2018, which also listed their "home address" as the property in Palm Beach, Florida. At all relevant times, the Palm Beach

address was the address of a realtor that defendants LAFORTE and McELHONE would later use to purchase their first Florida home in mid-December 2019.

36. For tax year 2018, defendants JOSEPH LAFORTE and LISA McELHONE reported their combined taxable income on their joint federal return as approximately \$28,125,399. Due to their fictitious status as non-residents of Pennsylvania, they falsely underreported Pennsylvania income of only approximately \$1,599,849, which amounted to a loss of approximately \$814,344 to the Commonwealth of Pennsylvania.

37. Accountant No. 1 and Accountant No. 2 prepared defendants JOSEPH LAFORTE and LISA McELHONE's IRS Form 1040 joint federal tax return for tax year 2019 to falsely list a "home address" in Jupiter, Florida. Accountant No. 1 and Accountant No. 2 also prepared defendants LAFORTE and McELHONE's joint PA-40 Pennsylvania state tax return for tax year 2019, which falsely stated that they were both a "nonresident" of Pennsylvania, and which listed their address as the same Jupiter, Florida address.

38. Defendants JOSEPH LAFORTE and LISA McELHONE approved and signed their joint IRS Form 1040 federal tax return for tax year 2019, which falsely listed a "home address" in Jupiter, Florida, which Accountant No. 1 and Accountant No. 2 filed electronically at their direction on or about July 15, 2020. The defendants also approved and signed their joint PA-40 Pennsylvania state tax return for tax year 2019, which falsely stated they both were a "nonresident" of Pennsylvania, and which listed their address as the same Jupiter property, which Accountant No. 1 and Accountant No. 2 filed electronically at their direction on or about July 15, 2020. Defendants LAFORTE and McELHONE had not purchased the Jupiter property until on or about December 12, 2019, and they did not reside there for the majority of tax year 2019.

39. For tax year 2019, defendants JOSEPH LAFORTE and LISA McELHONE reported their combined taxable income on their joint federal return as approximately \$4,494,849. Due to their fictitious status as non-residents of Pennsylvania, they falsely reported no Pennsylvania income and paid no Pennsylvania income tax. This deception resulted in a loss of approximately \$137,991 to the Commonwealth of Pennsylvania.

40. A summary of the reported taxable income of defendants JOSEPH LAFORTE and LISA McELHONE, along with the defendants' underreported Pennsylvania income and the corresponding tax loss to the Commonwealth of Pennsylvania, is set forth below.

Year	Reported Federal Taxable Income	Reported Pennsylvania Income	Tax Paid to Pennsylvania	Approximate Pennsylvania Tax Loss
2014	\$250,408	\$110,373 (6 months)	\$3,388	\$4,299
2015	\$273,089	(\$109,530)	\$0	\$8,383
2016	\$2,411,134	(\$113,391)	\$0	\$74,021
2017	\$4,729,738	\$22,839	\$701	\$144,501
2018	\$28,125,399	\$1,599,849	\$49,115	\$814,334
2019	\$4,494,849	(\$4,692,975)	\$0	\$137,991
Total	\$40,284,617			\$1,183,529

41. The Pennsylvania PA-40 tax returns for tax years 2014 through 2019 caused to be filed by defendants JOSEPH LAFORTE and LISA McELHONE had a signature section in which the defendants acknowledged having examined the return and declaring under penalty of perjury that the information contained therein was true, correct, and complete, and the e-authorization forms signed by defendants LAFORTE and McELHONE each year had a similar acknowledgement and declaration.

42. Defendants JOSEPH LAFORTE and LISA McELHONE, and others, known and unknown to the grand jury, knew that the Pennsylvania PA-40 tax returns for defendants LAFORTE and McELHONE for tax years 2014 through 2019 contained false

information about their residency status, their alleged Florida residences, and their taxable Pennsylvania income.

43. Defendants JOSEPH LAFORTE and LISA McELHONE, and others, known and unknown to the grand jury, understood that by falsely representing that defendants LAFORTE and McELHONE were non-residents of Pennsylvania in the PA-40 tax returns for tax years 2014 through 2019, they were affirmatively misrepresenting their residency status and depriving the Commonwealth of Pennsylvania of information that, had it been accurately provided, would have resulted in defendants LAFORTE and McELHONE owing substantially more money in taxes to the Commonwealth of Pennsylvania.

44. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOSEPH LAFORTE,
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a/k/a “Joe Mackie,” and
a/k/a “Joe McElhone,” and
LISA MCLEHONE**

and Accountant No. 1 and Accountant No. 2, and others, known and unknown to the grand jury, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Date	Description
1	8/14/19	Email sent from defendant LISA McELHONE, in Pennsylvania, to Accountant No. 2, in Colorado, with signed tax forms
2	7/13/20	Email sent from Accountant No. 2, in Colorado, to defendant LISA McELHONE, in Pennsylvania, with tax forms for signature
3	7/14/20	Email sent from defendant LISA McELHONE, in Pennsylvania, to Accountant No. 2, in Colorado, with signed tax forms

All in violation of Title 18, United States Code, Section 1343.

COUNT FOUR
(Evasion of assessment)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 and 17 through 18 of Count One of this indictment are incorporated here.

2. Customer No. 1 sought and received an MCA from Par Funding for one of his companies (“MCA Company No. 1”) in or about May 2015 and received additional MCAs from Par Funding and the Par Funding affiliates for MCA Company No. 1 and other related entities that he owned (“Customer No. 1’s Entities”). Some of the additional MCAs that Customer No. 1 obtained later in 2015 for Customer No. 1’s Entities were “reload” agreements that extended money to these entities for the purpose of repaying these entities’ previous MCAs. As a result, the payments that Customer No. 1’s companies owed to Par Funding and the Par Funding affiliates became unsustainable.

3. Due to Customer No. 1’s inability to make these payments, in or about early 2016 defendant JOSEPH LAFORTE offered to extend additional and higher amount MCAs to Customer No. 1’s Entities if Customer No. 1 would agree to pay defendant LAFORTE cash kickbacks equal to approximately 10% of all money extended to Customer No. 1’s Entities by Par Funding and the Par Funding affiliates. Customer No. 1 agreed to this offer.

4. As a result, from in or about early 2016 through in or about mid-2020, Customer No. 1 caused regular cash kickback payments to be made to defendant JOSEPH LAFORTE.

5. Over this period, the MCA balance for Customer No. 1’s Entities increased from approximately \$1.4 million in early 2016 to approximately \$92 million in mid-2020 through numerous new and reload MCA agreements.

6. Due to this kickback relationship, defendant JOSEPH LAFORTE received hundreds of thousands of dollars of taxable income during the calendar year 2017, upon which there was an income tax due and owing to the United States of America.

7. From on or about January 1, 2017, through on or about April 15, 2018, in the Eastern District of Pennsylvania, and elsewhere, defendant

**JOSEPH LAFORTE,
a/k/a “Joe Mack,”
a/k/a “Joe Macki,”
a/k/a “Joe Mackie,” and
a/k/a “Joe McElhone,”**

a resident of Haverford, Pennsylvania, willfully attempted to evade and defeat an income tax due and owing by him to the United States of America for the calendar year 2017 by failing to make an income tax return on or about April 15, 2018, as required by law, to any proper officer of the Internal Revenue Service, and by failing to pay to the Internal Revenue Service this income tax, and by concealing and attempting to conceal from all proper officers of the United States of America his true and correct income through various means, including, among other things:

a. by causing Customer No. 1 to make payments in cash directly to defendant LAFORTE that were not recorded on Par Funding’s or the Par Funding affiliates’ books; and

b. by causing Par Funding and the Par Funding affiliates to enter new and “reload” MCA agreements with Customer No. 1’s Entities without undertaking adequate underwriting.

In violation of Title 26, United States Code, Section 7201.

COUNTS FIVE THROUGH SIX
(Making, Subscribing, and Filing a False Return)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8, 19, and 34 through 39 of Count One and paragraphs 2 through 6 of Count Four of this indictment are incorporated here.
2. On or about August 15, 2019, defendant JOSEPH LAFORTE and his wife, defendant LISA McELHONE, charged elsewhere in this indictment, filed an individual income tax return, Form 1040, for tax year 2018, electing “married filing jointly” status. On this joint return, defendant LAFORTE did not report any income. In addition, defendant LAFORTE did not report any of the cash kickbacks that he had received from Customer No. 1, even though he had received millions of dollars in cash kickbacks in 2018 from Customer No. 1.
3. On or about October 17, 2019, defendant JOSEPH LAFORTE and his wife, defendant LISA McELHONE, filed an amended individual income tax return, Form 1040X, for tax year 2018, electing “married filing jointly” status. On this joint return, defendant LAFORTE did not report any income, including any of the cash kickbacks that he had received from Customer No. 1.
4. On or about July 15, 2020, defendant JOSEPH LAFORTE and his wife, defendant LISA McELHONE, filed an individual income tax return, Form 1040, for tax year 2019, electing “married filing jointly” status. On this joint return, defendant LAFORTE did not report any income. In addition, defendant LAFORTE did not report any of the cash kickbacks that he had received from Customer No. 1, even though he had received millions of dollars in cash kickbacks in 2019 from Customer No. 1.
5. On or about the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendant

**JOSEPH LAFORTE,
a/k/a "Joe Mack,"
a/k/a "Joe Macki,"
a/k/a "Joe Mackie," and
a/k/a "Joe McElhone"**

willfully made and subscribed and filed and caused to be filed with the Internal Revenue Service the following false United States individual income tax returns, in the name of defendant LAFORTE and his wife, defendant LISA McELHONE, for the calendar years set forth below, which were verified by a written declaration that they were made under the penalties of perjury, which defendant LAFORTE did not believe to be true and correct as to every material matter. The tax returns reported the married couple's income without including the substantial cash payments that defendant LAFORTE had received from Customer No. 1, when, as defendant LAFORTE knew, he had received substantial income in the form of these cash payments from Customer No. 1 in each of these calendar years, each false tax return constituting a separate count.

Count	Approximate Filing Date	Year	Form	False Items
5	10/17/19	2018	1040X	Schedule 1, Line 21, Other income Schedule 1, Line 22 Form 1040, Line 6, Total income Form 1040X, Line 1, Adjusted gross income, columns a and c
6	7/15/20	2019	1040	Schedule 1, Line 8, Other income Schedule 1, Line 9 Form 1040, Line 7a, Other income Form 1040, Line 7b, Total income

All in violation of Title 26, United States Code, Section 7206(1).

COUNTS SEVEN THROUGH EIGHTEEN
(Failure to collect and pay over tax)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 of Count One and paragraphs 2 through 6 of Count Four of this indictment are incorporated here.

At all times material to this indictment:

2. Full Spectrum Processing was a corporation doing business in Philadelphia, Pennsylvania. Full Spectrum Processing was engaged in the business of providing back-office support to Par Funding and the Par Funding affiliates.

3. Defendant JOSEPH LAFORTE functioned as the Chief Executive Officer and President of Full Spectrum Processing, Par Funding, and the Par Funding affiliates, and owned these entities through his nominees, including defendant LISA McELHONE, charged elsewhere in this indictment. Defendant LAFORTE ran the day-to-day operations of these companies, and the Chief Financial Officer of these companies reported to defendant LAFORTE. Among other things, defendant LAFORTE decided what underwriting processes would be taken before funding, which MCA transactions would be funded, and what collections activities would be taken. In addition, the consultant in charge of fundraising for Par Funding reported to defendant LAFORTE.

4. The IRS was an agency of the United States Department of the Treasury responsible for administering the tax laws of the United States and collecting taxes owed to the United States.

5. Pursuant to the Internal Revenue Code and associated statutes and regulations, employers were required to withhold amounts from their employees' gross pay including Federal Insurance Contribution Act ("FICA") taxes, which represent Social Security

and Medicare taxes, and federal income taxes. Employers were required to remit these taxes (referred to in this indictment collectively as “trust fund taxes” because employers hold the withheld amounts in trust until paid over to the United States) to the IRS on a quarterly basis, no later than the last day of month following the end of the quarter.

6. In addition to the trust fund taxes that must be withheld from pay, employers were separately required to make contributions under FICA for Social Security and Medicare in amounts matching the amounts withheld from their employees’ pay for those purposes. Such employer contributions were likewise required to be remitted to the IRS no later than the last day of the month following the end of the quarter. Collectively, these five components required to be remitted quarterly were commonly referred to as “employment taxes,” made up of the trust fund taxes withheld (individual income, Social Security and Medicare taxes) and the matching amounts contributed by the employer.

7. Employers were required to file, one month after the conclusion of the calendar quarter, an Employer’s Quarterly Federal Tax Return, Form 941 (“Form 941”), setting forth the total amount of income taxes withheld, the total amount of Social Security and Medicare taxes due, and the total tax deposits.

8. A person was responsible for collecting, accounting for, and paying over the employment taxes if he or she had the authority required to exercise significant control over the employer’s financial affairs, regardless of whether the individual exercised such control in fact. More than one person could be considered a “responsible person” for the purpose of collecting, accounting for, and paying over employment taxes, including trust fund amounts and employers’ matching amounts.

9. Defendant JOSEPH LAFORTE exercised control over Full Spectrum Processing's financial affairs by, among other acts, approving payments, controlling bank accounts, and supervising the payroll manager; thus, defendant LAFORTE was a responsible person for collecting trust fund taxes, accounting for the employment taxes by filing Forms 941 with the IRS, and paying over to the IRS the employment taxes for Full Spectrum Processing's employees.

10. Defendant JOSEPH LAFORTE was a person required to collect, account for on quarterly Forms 941, and pay over to the IRS on behalf of Full Spectrum Processing, the trust fund taxes imposed on its employees by the Internal Revenue Code.

11. From at least in or about early 2017 through at least in or about March 2020, defendant JOSEPH LAFORTE, and his agents working at his direction, made cash wage payments to Full Spectrum Processing employees on a regular basis.

12. From at least in or about early 2017 through at least in or about March 2020, despite making regular cash payments to Full Spectrum Processing employees, defendant JOSEPH LAFORTE caused Full Spectrum Processing to record these employees' wages without including the amount of these cash payments. Defendant LAFORTE also caused Full Spectrum Processing not to collect the required trust fund taxes from these cash wages.

13. As a result, from at least in or about early 2017 through at least in or about early 2020, defendant JOSEPH LAFORTE caused Full Spectrum Processing to file quarterly employment tax returns, Forms 941, that failed to truthfully account for the wages paid to its employees and caused Full Spectrum Processing to fail to pay over all of the trust funds taxes due and owing to the IRS on behalf of its employees.

14. On or about the dates listed in the table below, for each of the calendar quarters listed below, in the Eastern District of Pennsylvania and elsewhere, defendant

**JOSEPH LAFORTE,
a/k/a “Joe Mack,”
a/k/a “Joe Macki,”
a/k/a “Joe Mackie,” and
a/k/a “Joe McElhone”**

willfully failed to collect, truthfully account for, and pay over the trust fund taxes due and owing to the IRS on behalf of the employees of Full Spectrum Processing, each quarter constituting a separate count.

Count	Date of Offense (i.e., Date for Filing of Form 941)	Calendar Quarter Ending
7	April 30, 2017	March 30, 2017
8	July 31, 2017	June 30, 2017
9	October 31, 2017	September 30, 2017
10	January 31, 2018	December 31, 2017
11	April 30, 2018	March 30, 2018
12	July 31, 2018	June 30, 2018
13	October 31, 2018	September 30, 2018
14	January 31, 2019	December 31, 2018
15	April 30, 2019	March 30, 2019
16	July 31, 2019	June 30, 2019
17	October 31, 2019	September 30, 2019
18	January 31, 2020	December 31, 2019

All in violation of Title 26, United States Code, Section 7202.

COUNT NINETEEN
(Conspiracy to defraud)

1. Paragraphs 1 through 19 and 21 through 29 of Count One and paragraphs 2 through 8 of Count Seven of this Indictment are incorporated here.

At all times material to this indictment:

2. From at least in or about mid-2003 through the third quarter of 2005, defendant JOSEPH LAFORTE participated in the operation of two Florida corporations, that is, Richmond Abstract of Florida, Inc. ("Richmond Abstract") and J & J Property Management of Florida, Inc. ("J & J"), although defendant LAFORTE used nominees to control these businesses for some of this time.

3. In or about October 2005, defendants JOSEPH LAFORTE and LISA McELHONE married one another.

4. In or about February 2007, the IRS assessed trust fund recovery penalties totaling approximately \$551,142 against defendant JOSEPH LAFORTE in connection with his role as the responsible person for Richmond Abstract.

5. In or about May 2008, the IRS levied one of defendant JOSEPH LAFORTE's bank accounts and applied the funds to the trust fund recovery penalties that he had been assessed in connection with Richmond Abstract.

6. In or about December 2008, the IRS assessed trust fund recovery penalties totaling approximately \$115,773^{.10} against defendant JOSEPH LAFORTE in connection with his role as the responsible person for J & J.
• TB 5/4/23

7. From in or about January 2007 through in or about February 2011, defendant JOSEPH LAFORTE was in custody, serving a prison sentence imposed as a result of

New York state and federal convictions. During this time, defendant LISA McELHONE filed individual income tax returns with the IRS for herself, falsely electing the “single” filing status.

8. On or about April 15, 2011, defendant JOSEPH LAFORTE filed an individual income tax return with the IRS for himself for tax year 2010, reporting approximately \$32,000 in income and requesting a refund of approximately \$9,915. Because of defendant LAFORTE’s outstanding trust fund recovery penalties for Richmond Abstract and J & J, the IRS did not send this refund to defendant LAFORTE, but instead applied the amount of the refund to the total trust fund recovery penalties that had been assessed against him in connection with Richmond Abstract.

9. From in or about June 2009 through in or about December 2018, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOSEPH LAFORTE,
a/k/a “Joe Mack,”
a/k/a “Joe Macki,”
a/k/a “Joe Mackie,” and
a/k/a “Joe McElhone,” and
LISA McELHONE**

conspired and agreed together to defraud the United States by impeding, impairing, obstructing, and defeating the lawful functions of the Internal Revenue Service of the Department of the Treasury in the ascertainment, computation, assessment, and collection of income taxes.

MANNER AND MEANS

In was part of the conspiracy that:

10. Defendants JOSEPH LAFORTE and LISA McELHONE concealed and attempted to conceal defendant LAFORTE’s income by causing it to be paid to defendant McELHONE and entities held in her name.

11. Defendants JOSEPH LAFORTE and LISA McELHONE concealed and attempted to conceal defendant JOSEPH LAFORTE's assets by causing them to be held in the name of defendant McELHONE and entities held in her name.

12. Defendants JOSEPH LAFORTE and LISA McELHONE concealed and attempted to conceal defendant McELHONE's connection to defendant LAFORTE by causing defendant McELHONE to elect filing statuses that were false and/or financially disadvantageous.

OVERT ACTS

In furtherance of the conspiracy and to accomplish its object, defendants JOSEPH LAFORTE and LISA McELHONE committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

1. In or about 2009, 2010, 2011, and 2012, defendant LISA McELHONE caused individual income tax returns for herself to be filed with the IRS for the tax years 2008, 2009, 2010, and 2011, electing the "single" status when she was in fact married to defendant JOSEPH LAFORTE.

2. In or about October 2011, defendants JOSEPH LAFORTE and LISA McELHONE caused Par Funding to be formed solely in defendant McELHONE's name.

3. In or about April 2014, defendant LISA McELHONE caused an individual income tax return, Form 1040, to be filed for the tax year 2012 electing "married filing separate" status, claiming defendant JOSEPH LAFORTE's income as her own, and omitting his name and social security number from the return.

4. In or about November 2014, defendants JOSEPH LAFORTE and LISA McELHONE caused Heritage Business Consultants, Inc. ("HBC") to be formed in defendant McELHONE's name, as a nominee for defendant LAFORTE.

5. On or about December 31, 2014, defendants JOSEPH LAFORTE and LISA McELHONE caused Par Funding to enter a contract with HBC to facilitate payments for the work that defendant LAFORTE provided to Par Funding.

6. From at least late 2014 through in or about July 2018, defendants JOSEPH LAFORTE and LISA McELHONE caused Par Funding to make payments to HBC for defendant LAFORTE's work, including the following:

Approximate Date	Approximate Amount
12/19/14	\$50,000
12/26/14	\$50,000
12/29/14	\$50,000
1/1/15	\$80,000
1/1/15	\$80,000
1/1/15	\$80,000
1/1/15	\$80,000
1/1/15	\$80,000
1/1/15	\$80,000
1/1/15	\$80,000
10/5/15	\$12,500
11/4/15	\$12,500
11/13/15	\$25,000
11/17/15	\$25,000
11/19/15	\$25,000
7/1/16	\$300,000
1/9/17	\$300,000
2/14/17	\$91,000
4/21/17	\$1,261,000
8/14/17	\$1,070,000
5/31/18	\$1,400,000
7/3/18	\$355,000

7. On or about July 25, 2016, defendants JOSEPH LAFORTE and LISA McELHONE caused Blue Valley Holdings LLC to be established, and named defendant McELHONE as the sole member of this limited liability company.

8. On or about August 22, 2016, defendants JOSEPH LAFORTE and LISA McELHONE caused Blue Valley Holdings to purchase their primary residence in Haverford, Pennsylvania for approximately \$2,445,000, with funds earned from defendant LAFORTE's work for Par Funding.

9. On or about March 20, 2017, defendants JOSEPH LAFORTE and LISA McELHONE caused the LME 2017 Family Trust to be established to hold the assets of defendant LAFORTE.

10. On or about the following dates, defendants JOSEPH LAFORTE and LISA McELHONE caused entities held in the name of defendant McELHONE to purchase properties in the following amounts:

Appx. Date	Street of Property	Amount
8/22/16	Ferndale Lane, Haverford, PA	\$2,445,000
4/27/17	N. 2nd Street, Philadelphia, PA	\$260,000
7/3/17	North 3rd Street, Philadelphia, PA	\$645,000
7/10/17	North 3rd Street, Philadelphia, PA	\$1,485,000
11/19/17	North 3rd Street, Philadelphia, PA	\$835,000
8/15/17	Rebecca Court, Paupack, PA	\$2,600,000
8/31/17	S. 21st Street, Philadelphia PA	\$1,025,000
11/20/17	North 3rd Street, Philadelphia, PA	\$835,000
2/1/18	East Passyunk, Philadelphia, PA	\$825,000
4/30/18	Spruce Street, Philadelphia, PA	\$2,125,000
5/2/18	Walnut Street, Philadelphia, PA	\$650,000
9/21/18	S. 11th Street, Philadelphia, PA	\$1,860,000
8/3/18	25th Street, Philadelphia PA	\$600,000
8/10/18	Melon Street, Philadelphia PA	\$7,600,000
8/15/18	Market Street, Philadelphia, PA	\$4,400,000
10/3/18	Christian Street, Philadelphia PA	\$870,000
	Total	\$29,060,000

11. On or about January 1, 2018, defendants JOSEPH LAFORTE and LISA McELHONE caused Par Funding to enter a new contract with HBC, one of the entities held in the name of defendant McELHONE, to facilitate payments for the work that defendant LAFORTE provided to Par Funding.

12. In or about March 2018, defendants JOSEPH LAFORTE and LISA McELHONE caused Eagle Six Consultants, Inc. (“Eagle Six”) to be formed in defendant McELHONE’s name, as a nominee for defendant LAFORTE.

13. On or about July 1, 2018, defendants JOSEPH LAFORTE and LISA McELHONE caused Par Funding to enter a contract with Eagle Six to facilitate payments for the work that defendant LAFORTE provided to Par Funding.

14. From at least July 2018 through in or about December 2018, defendants JOSEPH LAFORTE and LISA McELHONE caused Par Funding to make payments to Eagle Six for defendant LAFORTE’s work, including the following:

Approximate Date	Approximate Amount
7/20/18	\$30,000
10/16/18	\$2,500,000
11/19/18	\$1,500,000
12/3/18	\$175,000
12/4/18	\$125,000

15. From in or about 2014 through 2018, defendant LISA McELHONE filed individual income tax returns for herself for the tax years 2012 through 2017, electing the “married filing separate” status even though her tax liability would have been less if she elected “married filing jointly” status with defendant JOSEPH LAFORTE.

All in violation of Title 18, United States Code, Section 371.

COUNT TWENTY
(Evasion of payment)

1. Paragraphs 1 through 19 and 21 through 39 of Count One, paragraphs 2 through 8 of Count Seven, and paragraphs 2 through 8 and 10 through 12, as well as Overt Acts 1 through 15, of Count Nineteen of this indictment are incorporated here.

2. From in or about June 2009 through in or about December 2018, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOSEPH LAFORTE,
a/k/a "Joe Mack,"
a/k/a "Joe Macki,"
a/k/a "Joe Mackie," and
a/k/a "Joe McElhone," and
LISA McELHONE**

willfully attempted to evade and defeat the payment of a tax, known as a trust fund recovery penalty, related to unpaid payroll taxes of Richmond Abstract of Florida, Inc., and J & J Property Management of Florida, Inc., due and owing by defendant LAFORTE to the United States of America, for the fourth quarter of 2003 through the third quarter of 2005, by committing the following affirmative acts, among others:

- a. concealing defendant LAFORTE's income by incorporating Par Funding in the name of defendant McELHONE in or about October 2011;
- b. concealing defendant LAFORTE's income by causing such income to be paid to defendant McELHONE and entities held in her name, and reporting the income in the name of defendant McELHONE and entities held in her name;
- c. concealing defendant LAFORTE's income and assets by causing defendant McELHONE to serve as the nominal President of Par Funding, even though defendant

LAFORTE performed this role for the company and defendant McELHONE was merely his nominee and was not actively involved in the operation of the company;

d. concealing defendant LAFORTE's income and assets by minimizing defendant LAFORTE's role at Par Funding, even though defendant LAFORTE ran the operations of the company;

e. concealing defendant LAFORTE's assets by purchasing these assets, including real estate and securities, in the name of defendant McELHONE and entities held in her name;

f. concealing defendant LAFORTE's income and assets by opening bank accounts in the name of defendant McELHONE and entities held in her name, even though defendant LAFORTE controlled those bank accounts;

g. concealing defendant LAFORTE's income and assets by maintaining large amounts of cash at (i) the residence of defendants LAFORTE and McELHONE in Haverford, Pennsylvania; (ii) the couple's vacation properties in Paupack, Pennsylvania, and Jupiter Beach, Florida; and (iii) Par Funding's offices in Philadelphia, Pennsylvania; and

h. concealing defendant LAFORTE's income and assets by requiring Customer No. 1 to make regular kickback payments to defendant LAFORTE in cash.

In violation of Title 26, United States Code, Section 7201, and Title 18, United States Code, Section 2.

A TRUE BILL:


FOREPERSON 

Christine C. Ayala, Esq.
JACQUELINE C. ROMERO
UNITED STATES ATTORNEY

No. _____

UNITED STATES DISTRICT COURT

Eastern District of Pennsylvania

Criminal Division

THE UNITED STATES OF AMERICA

vs.

JOSEPH LAFORTE
LISA McELHONE

INDICTMENT

Counts

18 U.S.C. § 1343 (wire fraud – 3 counts); 26 U.S.C. § 7201 (tax evasion – 1 count); 26 U.S.C. § 7206(1) (filing false returns – 2 counts); 26 U.S.C. § 7202 (failing to collect and pay over tax – 12 counts); 18 U.S.C. § 371 (conspiracy – 1 count); 26 U.S.C. § 7201 (tax evasion – 1 count)

A true bill

[REDACTED]
Foreperson

Filed in open court this 4 day,
Of May A.D. 2023

Foreperson

Bail, \$ _____
